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NO. OF ENCLS.
(LISTED BELOW)

SUPPLEMENT TO
REPORT NO. 25X1

THIS IS UNEVALUATED INFORMATION

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1. The production of electrical equipment, such as telemeters, spectroscopic analyzers, and field intensity meters, which the SAG "Priboi" in Moscow had ordered from the Oberspreewerk (OSW), has been discontinued since "Priboi" has refused payments.
2. The production of 6AC7 tubes was suddenly discontinued upon order of the Russians. Instead, 6AC7 tubes will henceforth be made. Both types of tubes were intended for delivery to Yugoslavia also. During the month of May 1949, production rose from 40% of the quota to 70%. It has now fallen to 50% of the quota as a result of a considerable deterioration in the paste used in the production of the tubes.
3. The development of crystal detectors on a silicon-germanium base, as well as field intensity meters of 0.1 to 100 Megahertz, has been started by Dr. Bronda.
4. The development of a betatron has not yet been begun since suitable space and workmen are not available.
5. The existing developmental program of OSW for 1949 has been expanded to include the following items:
 - a. Quartz clocks
 - b. Atomic clocks
 - c. Damping recorders
 - d. Frequency meters
 - e. Power meters for 8 KHz
 - f. Remote-control installations
6. Wille, Social Director of OSW, was dismissed because he disagreed with his Russian superior Loschmanov about conditions of employment and social improvements. He has been replaced by Hans Höding, former police commissioner and member of the SED.
7. Tschesnokov heads the electrotechnical department which is under the main industrial department of the SIA. Filimonov heads "Priboi" in the Eastern Zone.

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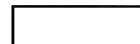
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8. The following items are imported from the Western Zones at present:

- a. Shell oil AY2
- b. Part nickel products, such as tin and wire
- c. Aluminum plate
- d. Electrolytic copper for transmitter tubes
- e. "Picein" — the use and composition of this substance is still unknown;

- f. Graphitic carbon for anodes—import of this item will be discontinued as soon as Siemens-Plania is in a position to produce a similar quality of coal themselves.

9. Defective production at the Funkwerk in Erfurt, formerly known as Telefunken, amounts to 50%. This factory shows a considerable deficit which is covered by subsidies from the German Economic Commission. The plant has almost no experts. The important positions were filled with SED employees who tried to manage the plant according to their ideological conceptions. Each department functioned independently, but the actual production program for each was fixed by a collective group. Dr. Heinzelmann, the technical director, failed to coordinate production among the departments.

10. Although individual firms have produced above their quotas, they have fallen into financial difficulties. Such is the case with the firm Schlotthauer in Thuringia which produced a large quantity of table lamps and has now filled all its warehouses with these lamps. The Sachsenwerk in Thuringia, having on hand a stock of goods worth 8,000,000 Marks, owes 1,500,000 Marks for materials purchased. Its stock consists of motors worth 4,000,000 Marks and electrical equipment of an equal value. Firms have often chosen items which were easy to produce without concern about the salability. OSW has considerable stocks which it has not disposed of up to this time and which it accumulated as a result of the Russians' cancelling or changing orders.

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